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Swot Analysis of Foreign Direct Investment In Indian Retail Sector.

I) Introduction

Indian retail industry is the biggest industry in comparison to other industries. It occupied 14% of India's Gross Development Product and near about 8% of the employment. It has two sector viz. organized sectors, unorganized sectors. Organized sector refers to that part which is well regulated i.e. registered stores. Unorganized sector included the traditional stores such as Pan tapri, corner store etc. Retail sector is fastest growing sector in India. 90% retail business is run by the unorganized retailers. The organized retail sector is still at emerging stage.

Foreign direct Investment (FDI) as defined in Dictionary of Economics is investment in a foreign country through the acquisition of a local company or the establishment there of an operation on a new site. In short FDI refers to capital inflows from abroad that is invested in or to enhance the production capacity of the economy. In November 2011, India's central Government announced retail reforms for Multi Brand Stores and Single Brand Stores. The announcement sparked intense activism. In July 2011 the GOI has recommended FDI in retail sector as -

- 1) 51% in Multi - Brand Retail.
- 2) 100% in Single - Brand Retail.

II) Objectives

- 1) To understand the concept of FDI.
- 2) To study SWOT analysis of FDI.
- 3) To present conclusions and make suggestions.

III) Informative Data Related to FDI

Table 3.1 FDI Share of organized sector in selected countries.

Country	Share of organized Sector (%)
U. S. A.	85
U. K.	80
Japan	66
Russia	36
India	04

(Source: Planel Retail & Technopak Adviser Pvt. Ltd. & ICRTER)

IV) SWOT Analysis of FDI

SWOT analysis is one of the primary step in strategic management. It contains an analysis of strengths, weaknesses, opportunities and threats. The strength and weaknesses of the FDI shows the present

Table 3.2 Multi-Brand Retail FDI Policy in other countries

FDI Limit	Country
100%	Chaina
100%	Thailand
100%	Russia
100%	Indonesia

(Source: Times of India, 3rd December 2011.)

Table 3.3 Projected Size of the Organized Retail Industry

Year	Increase in size (in crores)
2008	965
2010	1728
2015	5610
2022	17368

(Source: www.nsdcindia.org/pdf/organised-retail.pdf)

scenario and the opportunities and threats help to plan for future.

A) Strengths of FDI Policy

- 1) Fast growing economy.
- 2) Young and dynamic manpower.
- 3) Highest shop density in the world.
- 4) High growth rate in retail & wholesale trade.
- 5) Presence of big industry houses which can absorb losses.

B) Weaknesses of FDI Policy

- 1) Low capital investment in retail sector.
- 2) Lack of trained & educated force.
- 3) Lack of competition.
- 4) More prices as compared to specialized shops.

C) Opportunities of FDI Policy

- 1) Major employment generation in the future.
- 2) It will enhance the financial condition of farmers.
- 3) Increase in lifecycle changes and status consciousness.
- 4) Improve the competition.
- 5) Increase in disposable income.
- 6) Result in increasing retailer's efficiency.
- 7) Foreign capital inflows.
- 8) Big market along with better technology and branding with latest managerial skills.
- 9) Quality improvement with cost reduction.
- 10) Increasing the export capacity.

D) Threats of FDI Policy.

- 1) Threat to the survival of small retailers like 'pan tapri', 'local kirana'.
- 2) Jobs in the manufacturing sector will be lost.
- 3) Started roadside bargains.
- 4) Work will be done by Indians and profits will go to foreigners.

V) Conclusion and suggestions

In view of some of short coming observed in the SWOT analysis, FDI in retailing is going to attract retail players by Indian Government, but India should

welcome them with a talented pool of human resources by promoting institution imparting knowledge in retailing. protection must be given to Indian small and medium retailers as retailing is their source of livelihood. The Government must be properly discuss the pros and cons of allowing 51% FDI and have a law in place to control unfair competition. Then the FDI Bill will be give definitely a positive impact on the retail industry and the country by attracting more foreign investment. Otherwise we lost our freedom in past when British East India Company was came in.

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